



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF

CAUSE NO. 12.0676

**THE INDIRECT ACQUISITION OF
ALTIUS HEALTH PLANS, INC.,
HEALTH LIFE AND HEALTH
INSURANCE COMPANY, AND
COVENTRY HEALTH AND LIFE
INSURANCE COMPANY.**

**ORDER GRANTING EXEMPTION
PURSUANT TO NRS 692C.252(5)**

This matter came before the Commissioner of Insurance ("Commissioner") when, on September 28, 2012, Aetna, Inc. submitted to the State of Nevada, Department of Business and Industry, Division of Insurance ("Division") a Form E filing¹ as its pre-notification of its proposed acquisition of control of Coventry Health Care, Inc.² Aetna, Inc. is a Pennsylvania corporation. Coventry Health Care, Inc. is a publically traded Delaware holding company and is the ultimate controlling parent of the following Nevada licensed insurers³: Altius Health

**¹ 692C.045 NAC Potential competitive impact of proposed merger or acquisition:
Required notice and form. (NRS 679B.130, 692C.120)**

1. An insurer shall give notice to the Commissioner of the potential competitive impact of a proposed merger or acquisition by a non-domiciliary insurer doing business in this state or by a domestic insurer on the form provided by the Commissioner entitled "Form E - Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in this State or by a Domestic Insurer."

2. Form E must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the Commissioner. A copy of Form E and the general instructions for Form E may be obtained at <http://www.doi.state.nv.us>.

It is noted that the Form E filing is a notification of a proposed transaction, and it is anticipated that Aetna, Inc. will be making a further filing to the Division as the transaction nears its culmination.

² In its submission of this Form E, Aetna, Inc. requested that the content of its Form E filing be granted confidential status.

³ The Nevada licensed insurance entities are only some of the insurance entities held by Coventry Health Care, Inc. Others are licensed in states other than Nevada.

Plans, Inc. (a Utah domiciled HMO), First Health Life and Health Insurance Company (domiciled in Texas), and Coventry Health and Life Insurance Company (domiciled in Delaware). The acquisition will be accomplished by Coventry Health Care, Inc. merging into a wholly-owned merger subsidiary of Aetna, Inc. The acquisition will result in Coventry Health Care, Inc. becoming a direct wholly-owned subsidiary of Aetna, Inc.

In the Form E filing, Aetna, Inc. requested that the Commissioner grant an exemption to the formal acquisition procedures as outlined pursuant to Nevada Revised Statutes ("NRS") 692C.180 to NRS 692C.250, inclusive, based on NRS 692C.252 (5)(a)-(c).⁴ The Corporate and Financial Section of the Division conducted an analysis of data relevant to the Form E filing submission in order to determine whether the requested exemption could be recommended. The results of the analysis are as follows:

- The proposed acquisition of Coventry by Aetna would not substantially lessen competition in any line of insurance in Nevada nor tend to create a monopoly in any line of insurance in Nevada.
- For certain business lines potentially affected by the proposed acquisition, there is no competitive overlap between Coventry and Aetna in Nevada, with a limited increase in concentration and limited increase in the market share. For other business lines, the competitive impact is small and the combined share is so modest that there is no competitive impact.
- The Nevada licensed companies' (both Aetna and Coventry companies) direct written premiums are not significant in relation to the overall premiums nationwide.

⁴ **NRS 692C.252 Applicability.** The provisions of this chapter apply to any acquisition in which a change in control of an insurer who is authorized to do business in this state occurs, except:

...

5. An acquisition that does not immediately cause:

(a) The combined market share of the involved insurers to exceed 5 percent of the total market;

(b) An increase in any market share; *or*

(c) For any market:

(1) The combined market share of the involved insurers to exceed 12 percent of the total market; and

(2) The market share to increase by more than 2 percent of the total market.

↪ As used in this subsection, "market" means direct written premiums in this state for a line of authority set forth in the annual statement required to be filed by insurers authorized to do business in this state.

....

- 1 ▪ The above Companies as they are licensed in Nevada are generally not writing
2 the same lines of coverage. As the Companies are generally not writing the same
3 lines of coverage, and if they are writing coverages that overlap, the premium
4 volume is minimal, thus the acquisition will not affect the market share.
- 5 ▪ The effect of the proposed transaction as it relates to Nevada premium for the
6 individual lines of business for the life and health in Nevada is below the
7 threshold percentages set in NRS 692C.252 (5)(a)-(c).
- 8 ▪ The market share for a majority of the lines of coverage does not exceed 5% of
9 the total premiums and since the companies have minimal overlap in the lines of
10 coverage; the combined market share of the companies for each line of coverage
11 will not exceed 5%. The aggregate written premiums for all lines of coverage of
12 Aetna and Coventry based on the 2011 total premium is estimated to be at
13 0.98%.
- 14 ▪ The market share will have minimal changes with the acquisition.

15 Based on the results of the Corporate and Financial Section's analysis as summarized
16 above, the Division recommends that, pursuant to NRS 692C.252(5)(a)-(c), the Commissioner
17 may grant an exemption to the formal acquisition procedures as outlined pursuant to NRS
18 692C.180 to NRS 692C.250, inclusive, as the acquisition will not cause the market share of any
19 of the companies licensed in Nevada to change.

20 Again, it is noted that neither Altius Health Plans, Inc., First Health Life and Health
21 Insurance Company, nor Coventry Health and Life Insurance Company are domiciled in
22 Nevada.

23 NOW, THEREFORE, IT IS HEREBY ORDERED that:

24 1. The request for an exemption pursuant to NRS 692C.252(5) is GRANTED and,
25 upon additional filing by Aetna, Inc. regarding the acquisition, a formal administrative hearing
26 will not be required in order for the Division and the Commissioner to make a final
27 determination regarding the transaction.

28 2. Aetna, Inc.'s express request for confidentiality of the content of the Form E
filing is GRANTED, pursuant to NRS 679B.190(5)(b).

IT IS SO ORDERED this 6th day of November, 2012.


SCOTT J. KIPPER
Commissioner of Insurance

1 **CERTIFICATE OF MAILING**

2 I hereby certify that I have this day served the **ORDER GRANTING EXEMPTION**
3 **PURSUANT TO NRS 692C.252(5), CAUSE NO. 12.0676**, by mailing a true and correct
4 copy thereof, properly addressed with postage prepaid, certified mail return receipt requested,
5 to the following:

6 Jay Kallas
7 Locke Lord, LLP
8 111 South Wacker Drive
9 Chicago, IL 60606
10 CERTIFIED MAIL NO. 7011 2970 0000 0583 6177

11 Jonathan Weinberg
12 Coventry Health Care, Inc.
13 6705 Rockledge Drive
14 Clarksburg, MD 20871
15 CERTIFIED MAIL NO. 7011 2970 0000 0583 6184

16 and, a copy of the foregoing document was sent, via electronic mail, to the following:

17 Amy L. Parks, Esq.
18 Chief Insurance Counsel
19 Nevada Division of Insurance
20 E-MAIL: alparks@doi.nv.gov

21 Mike Lynch, Deputy Commissioner
22 Nevada Division of Insurance
23 E-MAIL: mlynch@doi.nv.gov

24 Bill McCune, Chief Insurance Examiner
25 Nevada Division of Insurance
26 E-MAIL: bmccune@doi.nv.gov

27 Peggy Willard-Ross, Assistant Chief Insurance Examiner
28 Nevada Division of Insurance
E-MAIL: pwillard@doi.nv.gov

DATED this 7th day of November, 2012.



Employee of the State of Nevada
Department of Business and Industry
Division of Insurance